



Kamiesberg Municipality Adjustments Budget 2013/14

23 January 2014

Table of Contents

GLOSSARY..........3-4

PART 1 – ADJUSTMENTS BUDGET

| | |
|---|----|
| 1.1 FOREWORD | .5 |
| 1.2 COUNCIL RESOLUTIONS..... | 5 |
| 1.3 FRAMEWORK FOR ADJUSTMENTS BUDGET..... | 5 |

PART 2 – ADJUSTMENT BUDGET SCHEDULES

| | |
|---------------------------------------|------|
| 2.1 LEGISLATIVE FRAMEWORK..... | 6 |
| 2.2 ADJUSTMENTS BUDGET SCHEDULES..... | 6-10 |

PART 3 – MUNICIPAL MANAGER'S QUALITY CERTIFICATE.....11

List of Tables

| | |
|--|----|
| Table 1 – B2: Financial Performance by standard classification (revenue and expenditure) | 7 |
| Table 2 – B3: Financial Performance by municipal vote (revenue and expenditure)..... | 8 |
| Table 3 – B4: Financial Performance by revenue source and expenditure type..... | 9 |
| Table 4 – B7: Cash Flow..... | 10 |

Glossary

Act – means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, such as the tariffs policy, rates policy and credit control and debt collection policy.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it scores as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual piece of legislation that shows the amount of allocations from national to local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MFMA – The Municipal Finance Management Act – no 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Own Revenue – Means total revenue as reflected in the municipality's financial performance budget less national and provincial conditional transfers.

Rates – Local Government taxation based on an assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Virement – A transfer of budget.

Virement Policy – The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget is divided, usually at directorate / department level

Part 1 – Adjustments Budget

1.1 Foreword

The Local Government: Municipal Finance Management Act (56 of 2003): Municipal budget and reporting regulations stipulates in Regulation 28(2)(c) - A municipal council may approve an adjustments budget dealing with matters referred to in the Act only if the expenditure was recommended by the mayor in accordance with the framework prescribed in Chapter 5 of the Regulations.

1.2 Council Resolutions

On 23 January 2014 the Council of Kamiesberg Municipality had a meeting to consider the adjustments budget for approval. The Council approved the following resolutions:

- (a) That the Operating Budget for 2013/2014 be adjusted to reflect the grant allocations as per attached schedule;
- (b) That the formal budget tables be updated with the adjustments and submitted to National and Provincial Government.

1.3 Framework for Adjustments Budget

It is deemed necessary to perform an adjustment budget as revenue collection is less than the budget estimate revenue and expenditure can be adjusted to less than the annual budget allocation. In addition it was also observed that there were errors reflected in the approved budget which required correcting.

The operational budget changes are summarised as follows:-

| | Income | Expenditure |
|--------------------|------------|-------------|
| Approved budget | 32 161 000 | 36 190 000 |
| Adjustments | - 299 000 | - 169 000 |
| Adjustments budget | 31 862 000 | 36 021 000 |

There are no changes to the Capital Budget.

Part 2 – Adjustments Budget Schedules

2.1 – Legislative Framework

The Municipal Budget and Reporting Regulations (MBRR) stipulates that,

21. “An adjustments budget and supporting documentation of a municipality must be in the format specified in Schedule B ...”

The objective of the MBRR is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

Only those schedules that are affected through this adjustments budget are attached.

2.2 – Adjustments Budget Schedules

Certification that the adopted adjustment budget for 2012/13 is correctly captured and locked on the municipality's financial management system

(as requested by National Treasury in terms of section 74 of the MFMA, with reference to paragraph 6.3 of MFMA Budget Circular 59 dated 16 March 2012)

I, Joseph Coete, in my capacity as accounting officer of the municipality, hereby certify that:

- The adopted annual budget has been captured on the municipality's financial system;
- There is 100 per cent reconciliation between the budget on the system and the budget adopted by council;
- The adopted annual budget on the municipality's financial system is locked and will not be changed as it serves as the baseline against which to monitor and measure performance; and
- The relevant budget return forms have been submitted to the local government database.

I, further certify that the municipality has in place controls to ensure that any changes to the adopted budget will be captured separately and only in accordance with:

- a virement authorised by the municipal manager, or duly delegate official, in terms of a council approved virements policy; and
- an adjustments budget approved by council.

Print Name

JOSEPH C. COETE

Municipal manager of

KAMIESBERG MC064

(name and demarcation code of municipality)

Signature

Joe Coete

Date

24/1/2014